



Record half year profit driven by top-performing portfolios with accelerated investment in Online Real Money Gaming

Sydney, 19 May 2022

KEY HIGHLIGHTS

- **Sustained investment** in talent, technology and product drives strong organic growth in revenue and profits
- **41% growth in normalised NPATA** to \$580 million (up 37% in constant currency). This was 37% ahead of (pre-COVID) 1H19 profit performance, achieved despite mixed operating conditions and supply chain disruptions
- **Accelerating implementation of strategy** to scale in online Real Money Gaming (RMG) which provides an attractive adjacency to distribute our world-leading content and drive growth
- **Strong operating cash flow and strong balance sheet** underpins capital management, alongside aggressive investment in strategic growth initiatives
- **Continued progress on ESG** to deliver sustainable, long-term performance
- **Protecting our people and business** in Ukraine while mitigating strategic risk and minimising operational impacts for Pixel United

Aristocrat Leisure Limited (ASX: ALL) today announced its financial results for the six months ended 31 March 2022.

Normalised profit after tax and before amortisation of acquired intangibles (NPATA) of \$580 million represents an increase of 41% in reported terms, and 37% in constant currency, compared to the prior corresponding period (PCP), reflecting the effective execution of the strategy and increasing business capability and resilience.

The Group continued to invest strongly in people, product and innovation which delivered further profitable organic growth across Aristocrat Gaming and Pixel United portfolios, with above-industry performance in key segments and genres driving additional share growth despite mixed market conditions.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$970 million is 30% higher on a reported basis and 27% higher on a constant currency basis compared to the PCP.

Aristocrat Chief Executive Officer and Managing Director, Trevor Croker, said "Aristocrat delivered an impressive and resilient performance despite mixed operational conditions and challenges. We took comprehensive action to protect our people and business, while investing strongly to accelerate our growth strategy going forward.

"Our sustained investment in talent, technology and product enables us to continue to take share wherever we play and delivered significant top and bottom-line growth in the first half of fiscal 2022.

"We are accelerating the implementation of our 'build and buy' strategy to scale in online Real Money Gaming, which provides further channels for us to distribute our world-leading content. Our ambition is to be the leading gaming platform in the global online RMG industry, and we anticipate being live with i-Gaming products in two jurisdictions in the US by the end of calendar year 2022.

"We continue to make progress in our sustainability efforts, including our commitment to responsible gameplay, and to adopting a Group-wide science-based emissions reduction target by the end of calendar year 2023.

"Aristocrat enters the second half with excellent fundamentals and strong operational momentum, a robust balance sheet and an abundance of opportunity to accelerate our growth strategy," Mr Croker concluded.

FINANCIAL SUMMARY

A\$ million	Six months to 31 March 2022	Six months to 31 March 2021		Change %
Normalised results¹				
Operating revenue	2,745.4	2,229.7	▲	23.1
EBITDA ²	970.3	744.5	▲	30.3
EBITDA margin	35.3%	33.4%	▲	1.9 pts
EBITA	843.5	612.6	▲	37.7
NPAT	530.7	362.2	▲	46.5
NPATA	580.1	411.6	▲	40.9
Earnings per share (fully diluted)	80.0c	56.8c	▲	40.8
EPSA (fully diluted)	87.5c	64.5c	▲	35.7
Interim dividend per share	26.0c	15.0c	▲	73.3
Reported results				
Revenue	2,745.4	2,229.7	▲	23.1
Profit after tax	513.0	346.5	▲	48.1
NPATA	562.4	395.9	▲	42.1
Balance sheet and cash flow				
Net working capital ² /revenue	1.9%	4.2%	▼	(2.3) pts
Operating cash flow ²	502.4	353.7	▲	42.0
Closing net (cash)/debt	(523.5)	1,330.2	▼	n/a
Net (cash)/debt to EBITDA ³	(0.3)x	1.2x	▼	1.5x

NOTES TO TABLE:

(1) Normalised results are statutory profit (before and after tax), excluding the impact of certain significant items detailed in the Review of Operations.

(2) During the year ended 30 September 2021, the Group revised its accounting policy in relation to configuration and customisation costs incurred in implementing software-as-a-service (SaaS) arrangements with cloud providers. Comparative information is reclassified where appropriate to enhance comparability. Refer to note 3-3 of the Financial Statements.

(3) Consolidated EBITDA for the Group as defined in Aristocrat's Syndicated Facility Agreement (also referred to as Bank EBITDA).

The information presented has not been audited in accordance with the Australian Auditing Standards.

Group revenue increased to \$2.7 billion, representing a 23.1% increase in reported terms and 19.7% increase in constant currency compared to the PCP, driven by outstanding performance in Gaming Operations and Outright Sales, supported by robust portfolio performance from Pixel United.

Operating cash flow increased by 42.0% to \$502.4 million compared to the PCP, reflecting strong business performance and underlying cash flow generation capability.

The Group's balance sheet remained robust, with gearing (net (cash)/debt to EBITDA) further reduced to (0.3x), and in excess of \$3.3 billion of liquidity available as at 31 March 2022.

The Directors have authorised an interim fully franked dividend of 26.0 cps (A\$173.7 million) for the period ended 31 March 2022. The record and payment dates for the interim dividend are 27 May 2022 and 1 July 2022, respectively.

OPERATIONAL HIGHLIGHTS

Aristocrat's portfolio of scaled, world-class Pixel United and Gaming assets continued to grow and diversify over the six months to 31 March 2022.

This was achieved despite mixed operating conditions and challenges including the outbreak of hostilities in Ukraine in February 2022, an industry-wide moderation in overall mobile game demand post COVID-19, and ongoing global supply chain disruptions.

Strong growth in Gaming Outright Sales was achieved as COVID-19 restrictions eased and customers increased their capital commitments towards Aristocrat's high performing products.

Aristocrat maintained its market-leading investment in game design, development and technology throughout the period, with \$313 million invested in Design & Development (D&D) in the period, representing 11.4% of Group revenue. User Acquisition (UA) investment remained steady at 28% of Pixel United revenue.

Highlights for the period included:

Aristocrat Gaming:

- Share growth and increased average fee per day (FPD) achieved across North American Class II and Class III premium installed bases, which grew by 5,540 units to 56,094 units, led by increasing depth and strength in the product portfolio.
- Strong Outright Sales revenue growth driven by larger customer capital commitments, increased penetration of *MarsX™* and *MarsX™* Portrait cabinets, and successful expansion into strategic adjacencies.
- Expansion into attractive adjacent markets continues to gain momentum, with growth across the Video Lottery Terminal (VLT) Canada, Oregon and Illinois and Washington Central Determinant System (CDS) segments.

Pixel United:

- Maintained its position as a Top 5 mobile games publisher in Tier-1 western markets¹, with 7 of the top 100 mobile games in the US market, across multiple genres at 31 March 2022.
- Retained clear #1 position in the Social Slots segment (#2 in the broader Social Casino genre), #1 in the Squad RPG (Role-Playing Games) segment and #2 in the Casual Merge segment, according to industry data¹.

¹ Source: Sensor Tower for the 12 months to March 2022; Tier-1 western markets defined as the United States, United Kingdom, Canada, France, Germany, and Australia.

- *RAID: Shadow Legends™* continued its impressive, profitable growth trajectory driven by ongoing investment in content, features, and Live Ops.
- Continued to expand and diversify the portfolio, including finalising a minority investment in the studio Ultracine, based in Montreal, bringing new casual game development capabilities to the business.
- Average Bookings Per Daily Active User (ABPDAU) increased by 11%, driven by improved performance in all segments, particularly in Social Casino and Social Casual games.
- In March, Pixel United suspended operating its mobile games in Russia. This market historically contributed approximately 3% of total annualised Pixel United bookings, largely in the Plarium portfolio.
- Plarium Play, the proprietary, commission-free platform, accounted for ~27% of total Plarium revenues over the period, up from ~20% in FY2021.

OUTLOOK

Aristocrat plans for continued growth over the full year to 30 September 2022, assuming no material change in economic and industry conditions, reflecting the following factors:

- Continued market-leading positions in Gaming Operations, measured by the number of installed machines and fee per day.
- Sustainable growth in floor share across key Gaming Outright Sales markets globally, including new adjacencies.
- Growth in Pixel United bookings and profitability, with UA spend expected to be at the lower end of the historical range of 26% and 29% of overall Pixel United revenues given rescheduled new game launches.
- Continued D&D investment to drive sustained, long-term growth, with investment likely to be modestly above the historic range of 11-12% of revenue; and
- Further investment in core business capability, to facilitate ongoing transformation in our scale and velocity and investment to support the RMG strategy.

Non-operating items include:

Expense Item	Assumption
Interest Expense	US dollar borrowings incur fully loaded interest expense of approximately 5% including hedging costs and other finance fees.
Amortisation of Acquired Intangibles	Circa US\$90 million pre-tax for FY22 relating to assets previously acquired.
Income Tax Expense	FY22 normalised Effective Tax Rate (ETR) of approximately 24.5% to 25.5% reflective of current corporate tax rates and regional earnings mix.

Authorised for lodgement by Kristy Jo, Company Secretary

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Aristocrat Leisure Limited (ASX: ALL) is a leading global gaming content and technology company and top-tier mobile games publisher, with more than 7,000 employees in over 20 locations around the world. Aristocrat offers a diverse range of products and services including electronic gaming machines, casino management systems and free-to-play mobile games. The company's regulated gaming products are approved for use in more than 300 licensed jurisdictions and are available in more than 100 countries.